

Governor Brian Schweitzer's College Affordability Plan to the Board of Regents

Governor Schweitzer presents the following College Affordability Plan (CAP) to provide the university system funding for the 2009 biennium that results in a zero tuition increase for Montana resident students for Montana's public institutions of higher education for the 2009 biennium. This represents a commitment of approximately \$50 million in new funding for Montana Higher Education. This amount is in addition to monies for new building projects, deferred maintenance and full funding of the Governor's "Best and Brightest" post-secondary scholarships.

Governor Schweitzer will support in his budget and throughout the legislative session the funding described in this plan if the Regents agree not to raise tuition in the 2009 biennium. If the electorate should pass and the court upholds CI-97, the Governor cannot commit to this plan.

In return for his support and commitment in his budget, the Governor expects in return that the Regents will support in their budgets and throughout the legislative session the funding described in this plan and if the Legislature adopts the funding set forth in this agreement, the Regents agree not to increase resident student tuition in the 2009 biennium.

Additions to the Base

The Montana University System budget spreadsheet version 14 establishes a base (the Base) and the addition to the base for the 2009 biennium that has been agreed to by both the Governor's budget office and the Board of Regents senior fiscal staff necessary for a zero tuition increase, along with other parts of the plan as presented below.

The following table shows the new base from the original Base of \$310,841,173, agreed to by the Governor's budget office on the Regents senior fiscal staff, but does not include other component to the plan such as pay or retirement issues, which are further addressed.

Campus	FY 2008	FY 2009
UM-Missoula	\$ 123,098,242	\$ 124,844,606
MT Tech	22,007,335	22,472,845
UM-Western	10,258,480	10,328,493
UM-HCOT	5,186,567	5,259,317
MSU-Bozeman	120,600,761	121,995,372
MSU-Billings	36,177,655	36,553,467
MSU-Northern	13,022,691	13,290,481
MSU-GFCOT	8,991,145	9,162,038
Totals	\$ 339,342,876	\$ 343,906,619

Resident Student Share

The resident share of new budget items is 79.8% and the non-resident share is 20.2%. This share is based upon student residency (FTEs) in the FY 2007.

The resident shares by campus are on the right:

Campus	Resident student share
UM-Missoula	73.7%
MT Tech	84.2%
UM-Western	83.7%
UM-HCOT	98.4%
MSU-Bozeman	76.2%
MSU-Billings	91.0%
MSU-Northern	89.8%
MSU-GFCOT	98.3%
System Average	79.8%

Western Undergraduate Exchange (WUE) Share of Adjustments to Base

WUE is the Western Undergraduate Exchange, a program of the Western Interstate Commission for Higher Education (WICHE). Through WUE, students in 15 western states may enroll in many two-year and four-year college programs at a reduced tuition level --150 percent of the institution's regular resident tuition.

Since no resident tuition increase will occur under this proposal, the WUE tuition will also not increase due to the compact with other states. As a result of this, for this biennium only, the state will support the base adjustments associated with WUE students. The share of WUE students by campus is as follows:

Campus	WUE student share
UM-Missoula	5.3%
MT Tech	6.4%
UM-Western	12.0%
UM-HCOT	0.8%
MSU-Bozeman	3.7%
MSU-Billings	5.8%
MSU-Northern	6.3%
MSU-GFCOT	0.1%
System Average	4.9%

In the Fall of 2005, 1,337 Montana residents took advantage of a WUE scholarship outside of Montana, while 1,670 non-Montana residents came to MUS campuses on a WUE scholarship. Thus, there is an imbalance of approximately 300 non-resident students gaining access to WUE slots at Montana campuses. We understand that the Regents will be working toward a balance between the Montana students out of state and the WUE students in Montana.

Resident Share and WUE Computation for Additions to Base

The Resident Share of adjustments to base items takes into account FY 2007 budgeted tuition levels and then funds the increase with the resident and WUE student shares shown above. The resident student share of the base adjustments increases is to **\$10,091,962** in FY 2008 and **\$14,060,142** in FY 2009 excluding the High School Honors program. The High School Honors Program is addressed later.

Resident student share of increased costs without High School Honors Program:

Campus	FY 2008	FY 2009
UM-Missoula	\$ 3,391,646	\$ 4,955,085
MT Tech	588,047	1,009,689
UM-Western	629,780	674,519
UM-HCOT	193,726	265,889
MSU-Bozeman	2,900,065	3,972,250
MSU-Billings	1,616,930	1,980,849
MSU-Northern	293,483	550,796
MSU-GFCOT	478,285	651,065
Totals	\$ 10,091,962	\$ 14,060,142

Enrollment

The enrollment used for each year of the 2009 biennium is assumed to be the FY 2007 resident enrollment projections contained in the Montana University System budget spreadsheet version 14. Resident enrollment is assumed to be "flat lined" or to remain constant. State provided funding will not be increased or decreased as the result of actual resident enrollments being higher or lower than this level as outlined in 17-7-142, MCA.

Termination Pay Costs:

The Governor recognizes the possibility of high termination payout costs as many University employees, like state employees, are eligible for retirement. In order to fund the Montana University System retirement costs, the state will participate in expenses that exceed the budgeted level of faculty termination payouts. The level of state support for the termination payouts above the budgeted level will be as follows: Bozeman, Missoula, Billings, and Butte will share costs with the state personal services

Campus	FY06 Actual
UM-Missoula	970,795
MT Tech	112,303
UM-Western	20,252
HCOT	-
MSU-Bozeman	755,006
MSU-Billings	206,187
MSU-Northern	76,022
GFCOT	23,803
Total	2,164,368

contingency fund at a rate of 50% state share of the amount above the base level and Havre, Dillon, Great Falls, Helena, all stations and agencies will share costs with the state personal services contingency fund at a rate of 60% state share of the amount above the base level.

Pay Plan

The pay plan for the current unrestricted portion of the educational units of the Montana University System will be funded by the state to cover the resident student share or 79.8% of the cost, plus the WUE student share or 4.9% of the cost.

The pay plan is assumed to be "bifurcated" meaning the largest portion of the pay plan will be a base level and a smaller portion will be pooled and available for merit, market and promotion pay increases.

Actuarial funding of the Retirement Systems

The actuarial funding of the retirement systems for the current unrestricted portion of the educational units of the Montana University System will be funded with the resident student share of 79.8%, plus the WUE student share or 4.9% of the cost. This will apply to both PERS and TRS system retirement bills during the 2009 legislative session.

High School Honors Fee Waivers

The Governor supports restructuring the High School Honors Fee Waivers. The budget will contain a one-time only contribution for this restructuring process could be \$850,000 in FY 2008 and \$450,000 in FY 2009. These numbers represent the 100% University System incremental request for FY 2008 and 50% of the University System request for FY 2009 due to the phase down beginning in FY 2009.

Northern RIT Funding

Northern RIT funding is assumed to remain funded with RIT at \$240,000 per year.

No Shifting of Costs to Fees

The Regents must commit to not increasing fees beyond what would be required for the normal programs that fees support. The Montana University System campuses will not shift costs from current unrestricted funding to fee supported programs.

Summary Table of Resident and WUE Student Share and State Support

Item	State Share	FY 2008	FY 2009
Present Law Base - Residents	79.8%	\$ 9,508,129	\$ 13,246,745
Present Law Base - WUE	4.9%	583,833	813,397
Actuarial funding - Residents	79.8%	TBD	TBD
Actuarial funding - WUE	4.9%	TBD	TBD
Pay plan - Residents	79.8%	TBD	TBD
Pay plan - WUE	4.9%	TBD	TBD
Tentative Honors Fee Waivers OTO	100%	850,000	450,000
Total		\$ 10,941,962	\$ 14,510,142